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Memorandum

SECRET

TO : Mr. Belmont

DATE: May 24, 1961

FROM : R. O. L'Allier

SUBJECT: CARLOS MARCELLO
ANTIRACKETEERING

CIA HAS NO OBJECTION TO
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With regard to events which led up to the deportation of Marcello to Guatemala and to activities which occurred thereafter, you may be interested in the following information which was developed by Agent Papich in Guatemala City, Guatemala, on May 12, 1961.

(S) [Paul Loeb], Chief of Central Intelligence Agency (CIA) station in Guatemala, confided to the Bureau Agent that he had been very much involved in working out arrangements whereby Marcello was accepted by the Guatemalan Government. It was Loeb's understanding that Attorney General Kennedy had conferred with Allen Dulles and had asked for the CIA Director's assistance in making certain that Guatemala accept Marcello as a citizen of that country. [Loeb] received instructions from his Headquarters to give the matter special handling. [Loeb] then went to President Miguel Ydigoras of Guatemala and explained to him that Marcello allegedly was a Guatemalan citizen; that the U.S. Government planned to deport him to Guatemala and that in order to effect this deportation it would be necessary for the Guatemalan Government to accept the subject. [Loeb] appealed to Ydigoras for full cooperation which was granted. At the time this took place the Guatemalan President insisted that the matter be handled quietly and that there be no publicity. [Loeb] informed Ydigoras that as far as he knew there would not be any publicity. The Guatemalan Government then officially agreed to accept subject.

(S) [Loeb] stated that he personally was at the airport on the day when Marcello arrived in Guatemala City on a U.S. Border Patrol plane. He was shocked to observe that there were 15 to 20 reporters gathered at the airport, all waiting for the subject.

SJP:ban

(7)

- 1 - Mr. Parsons
- 1 - Mr. Belmont
- 1 - Mr. Evans
- 1 - Mr. Gunderson
- 1 - Liaison
- 1 - Mr. Papich

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Memorandum L'Allier to Belmont

Re: CARLOS MARCELLO
ANTIRACKETEERING

|| Loeb^(S) did not know how the information had leaked to the press but he assumed that there must have been some notice given to newspapermen in the U.S. Because of this sudden appearance of newspapermen, Guatemalan officials found it necessary to process the subject's entry in a clandestine manner and in another building which blocked any contact with newspaper people. This worked successfully and the subject was immediately removed to a hotel in the city.

|| According to Loeb^(S), the newspapermen learned what happened and some of the local writers began criticizing the Guatemalan President for his involvement in the entire episode. Some of the President's political opposition accused him of protecting a hoodlum. Ydigoras became greatly incensed, bearing in mind that his political position is extremely shaky. He accused Loeb^(S) of mishandling the entire matter and has refused to deal with the CIA official on any other matters since the above-described event.

Because of the pressure being placed upon him by political opposition, Ydigoras realized that it would be necessary to remove the subject. On or about May 10, 1961, Marcello allegedly was to be returned to the U.S. via Pan American Airways, who had agreed to accept him as a passenger even though he would be inadmissible in the U.S. Pan American reportedly did this because Ydigoras had issued orders cancelling flights of all airlines going into and out of the country if they refused to take Marcello as a passenger. Pan American apparently decided to gamble because the threatened cancellation would be seriously damaging to the airline's business.

Loeb^(S) stated that Marcello never appeared at the airport and a check at the hotel indicated that he had disappeared. Later a report was received that Guatemalan officials had forced him into El Salvador, which country had refused to accept subject. Loeb^(S) pointed out that as far as he was concerned there was no truth to the story. He was convinced that arrangements were made between Marcello and Guatemalan officials whereby Marcello was able to conveniently move to a finca (farm) in the interior of Guatemala. Loeb^(S) has received information from a reliable source indicating that subject is living comfortably and will not leave until a disposition is made of the court action in behalf of the subject, now reportedly pending in Washington, D. C. Loeb^(S) is convinced

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